

HOUSE REPUBLICAN ECONOMIC RECOVERY PLAN

Costing Less and Creating More Jobs

Cost:

- Cost of the Final Democrat Bill: \$790 Billion
- Cost of the House Republican Alternative: \$477 Billion

Jobs:

- Number of Jobs Created by the Democrat Bill: 3.5 million
- Number of Jobs Created by the House Republican Alternative: 6.2 million

	House Republican Alternative	Final Democrat Bill
Tax Relief for Working Families	Tax relief for 100% of income taxpayers: <ul style="list-style-type: none">• Minimum average relief would be \$500 per year• Most families would see relief closer to \$1,500 per year• A married couple see relief as high as \$3,200 a year	Tax relief phased-out for some income taxpayers. <ul style="list-style-type: none">• Benefit capped at \$400 a year for an individual and \$800 a year for a married couple
Tax Relief for Small Businesses	Tax deduction equal to 20% of their income for those small businesses with 500 or fewer employees	No provision
Tax Relief for Employers	Allow employers to offset their current losses against past tax liabilities (net operating loss carryback)	While initially identical, the final bill limited this benefit to firms with limited income, leaving out not only large employers, but also many small businesses. Initially research indicated that over 290,000 employers, with a combined total of over 77 million employees, could be excluded from this tax relief as a result of this last minute change.

Information Prepared by the Office of the Republican Whip, Eric Cantor

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Helping America's Small Businesses

The House Republican Economic Recovery Plan Will Help Small Businesses – The Engine of Job Creation in Our Country. Small businesses (those employing less than 500 individuals) employ nearly half of all Americans, yet they can be subject to some of the highest tax rates that siphon away one-third or more of their income. House Republicans have proposed allowing small businesses to take a tax deduction equal to a 20% of their income. This will directly impact economic growth by immediately freeing up funds for small businesses to retain and hire new employees. **This plan would benefit over 350,000 small businesses in South Carolina.**

How It Works

Small Businesses Would Be Allowed to Exclude 20% of Their Income From Taxes. This is irrespective of whether or not they pay under the individual or the corporate tax code.

Consider today's small business under current law: They pay a 30% federal tax on \$100 of income, resulting in a \$30 tax bill. Under the House Republican proposal, the same small business could exclude 20% of their income from tax (20% of \$100 = \$20). The small business would then pay the same 30% tax on the remaining \$80, resulting in a \$24 tax bill leaving more money to reinvest in job creation and business growth.

Small Businesses Are Job Creators

Small Businesses (those with 500 or fewer employees):

- Represent 99.9 percent of the 27.2 million businesses in America
- Employ about half of all private sector employees
- In 2005, they created 979,102 net new jobs, or 78.9 percent of new jobs

America's Small Businesses Are Subject To Some of the Highest Tax Rates In The World:

Irrespective of whether they pay taxes at the corporate or individual level, small businesses can pay up to 35% of their income in taxes to the federal government:

- The United States business tax rate ranks the 29th highest (out of 30) among the major economies of the world
- The only country with a higher tax rate is Japan

Now is the time to give American small businesses the tools they need to reignite the nation's economy. Historically, small business owners, self-employed individuals and entrepreneurs are the life-blood of economic growth and job creation across this nation. Providing them tax relief should be our highest priority and the House Republican Economic Recovery Plan does just that.

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